



Judicial Council of California

Administrative Office of the Courts

Trial Court Financial Policies and Procedures

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REVENUE COLLECTION AND DISTRIBUTION

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Revenue Collection and Distribution

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2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to collect process and report all fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders.

3.0 Policy Statement

It is the policy of the trial court to collect and process revenue in a manner that protects the integrity of the court and its employees and promotes public confidence. The trial court shall institute procedures and internal controls that assure the safe and secure collection of revenue, prompt deposit of all revenues received, accurate accounting that creates an audit trail, and the generation of reports required for sound financial management.

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4.0 Application

This policy applies to all trial court officials and employees whose official job responsibilities involve any aspect of collecting or processing revenue received from the public either in-person or by mail.

5.0 Definitions

The terms defined below apply to this policy and are for the express purpose of interpreting this policy.

1. **Audit Trail.** A series of documents that traces the movement and location of funds through an accounting system (e.g., receipt, cash collection record, deposit permit request, monthly cash settlement report).
2. **Cash.** Currency, coins, checks and money orders.
3. **Cash Change Fund.** The beginning balance in a cashier's cash drawer or cash register to be used for making change when receiving payments from customers.
4. **Cash Control.** The management of currency, checks, money orders, etc.
5. **Check.** A written order on a bank to pay a specified amount to the bearer on demand.
6. **Collection Record.** A document used to record information about all the payments received by the court. The collection record should show in chronological sequence and by receipt number all amounts collected by the court and the nature of the money collected.

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7. **Deposit.** Cash and negotiable paper (checks, money orders, cashier's checks, traveler's checks, etc.) placed in an account with a financial institution.
8. **Deposit Permit Request.** A form prepared to accompany the deposit of funds collected by the court to the county treasury. The deposit permit request must be supported by acceptable documentation such as duplicate receipts or a receipt listing.
9. **Fiduciary.** To act for another party's benefit while subordinating one's individual interests is to act in a fiduciary capacity.
10. **Internal Controls.** The plan of organization and all the methods and measures used by the court to monitor assets, prevent fraud, minimize errors, verify the correctness and reliability of accounting data, promote operational efficiency, and ensure that established managerial policies are followed.
11. **Monthly Cash Settlement Report.** A report prepared by the court summarizing the revenues collected by the court each month. The collection record provides the data necessary to prepare the report.
12. **Receipt.** A written record received upon payment for goods or services that itemizes the goods or services received and the price paid for them.
13. **Revenue.** Monies received in the form of cash, check, money order, credit card payment, or other acceptable form.

6.0 Text

It is anticipated that the procedures in this section will change with the passage of the Uniform Civil Filing Fee legislative proposal. The procedures in this section related to the Uniform Civil Filing Fee will be

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issued in a Finance Memo and published in a subsequent edition of the trial Court Financial policies and Procedures Manual.

6.1 Trial Court Collection Activities

1. In addition to providing justice to the citizens of California, the trial court is also responsible for the collection and processing of fees, fines, forfeitures, restitution, penalties and assessments associated with traffic, civil, or criminal cases.
2. Payments collected by the trial court are in turn distributed to a number of recipients as defined by codes established by the state legislature.
3. The State Controller's Office is responsible for establishing, supervising, and revising a system of accounting to assure that all fines, penalties, forfeitures, and fees assessed by the courts, including their collection and appropriate disbursement, are properly and uniformly accounted for.¹ To meet this responsibility, the Controller has developed a *Manual of Accounting and Audit Guidelines for Trial Courts*, which is currently being revised. The revised manual will be titled *Trial Court Revenue Distribution Manual*.
4. The *Trial Court Revenue Distribution Manual* may be obtained from the State Controller's Office. Distribution tables and other related material are available on the Controller's website at www.sco.ca.gov.
5. As discussed in Procedure No. FIN 11.01 – Audits, the State Controller's Office audits court revenues to ensure that the State and local agencies receive their proper shares of the various fees, fines, penalties, and forfeitures generated by the trial courts.

¹ Government Code 71380.

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6. It is the responsibility of the trial court to assure the accurate distribution of the funds that it collects.

6.2 Case Management System

1. The collection process starts with the setup of a case in the trial court case management system. The trial court shall employ a case management system that can maintain separate accountability for civil, criminal and traffic cases.
2. The case management system should be capable of assigning unique case numbers to be used to track the status of each case from inception to final judgment.
3. The trial court shall track and account for the payments it receives in one of the following ways:
 - a. The case management system should include a cash collection/receipting module that will allow the court to collect fees, fines, forfeitures, restitutions, penalties or assessments associated with the cases.
 - b. The collection/receipting module (if separate from the case management system) shall be integrated with the case management system so that each financial transaction can be tracked and reconciled with the applicable unique case number(s).
4. For control purposes, court employees assigned to set up new cases in the case management system shall not perform cash collection functions and/or accounts receivable functions as described in the following sections of this policy.

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6.3 Accounts Receivable

1. According to GC 77003 (7)(b), court operations do not include collection enhancements as defined in California Rule of Court 810 as it read on July 1, 1996. Rule 810 defines collection enhancement as “Collections performed in the enforcement of court orders for fees, fines, forfeitures, restitutions, penalties, and assessments (beginning with the establishment of the accounts receivable record)”. Collection enhancements do not include forthwith payments made to counter clerks and cashiers.
2. The court and county may maintain the collection program that was in place on January 1, 1996, unless otherwise agreed to by the court and county. The program may wholly or partially be staffed and operated either by the court itself, by the county, or by a third party contractor.²
3. The comprehensive collection program allows a county or court that meets program requirements to deduct its operating costs from eligible collections prior to the distribution of revenues to other governmental entities.³
4. The trial court may employ court personnel, county, or private collection agencies to pursue delinquent accounts. State trial court funding should not be used to fund these positions. Under all arrangements, the trial court shall ensure that its case management system is properly updated for all amounts collected or written off.
5. Outstanding balances from the case management system shall not be included in any accounts receivable account when the amount due to the trial court cannot be determined. A major portion of the outstanding balances will be distributed to other agencies. The

² Penal Code 1463.010

³ Penal Code 1463.007

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portion of the outstanding balances that are state trial court funds are sent to the state and redistributed among all the trial courts.

6. Court employees who are assigned to maintain and update accounts receivable shall not have the ability to make adjustments in the general ledger system.

6.4 Collections

1. Cash control procedures are of primary importance to court managers in avoiding losses related to cash handling. The fundamental rules for controlling cash receipts include the following:
 - a. Designate specific responsibility for custody of cash funds during the workday and for securing cash in a safe, vault, or other secure storage place overnight.
 - b. Limit responsibility for receiving cash to as few employees as possible.
 - c. Separate cash handling from recordkeeping. Responsibilities for collection and deposit preparation should be segregated from those involving the recording of cash receipts and permanent court record entries.
 - d. Have bank reconciliations prepared by persons not responsible for handling cash.
 - e. Record cash receipts immediately if receiving cash by mail.
 - f. Secure cash receipts in a cash drawer, vault, safe or locked cabinet to which only specifically authorized personnel have access prior to deposit.
 - g. Deposit each day's cash receipts. Cash drawers and change funds shall be used for official court business only (i.e., the collection of fines, fees, penalties, etc.).

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2. The court may be authorized to accept credit cards as a form of payment for fees, fines, penalties and forfeitures. Under no circumstances should these credit card payments be commingled with operating funds. The trial court must coordinate with the county to establish a separate bank account linked to the credit card receipt mechanism prior to accepting credit card payments. Failure to observe this requirement may result in the withdrawal of authorization to accept credit card payments without notice, at the sole discretion of the Administrative Director of Courts.
3. The court shall not be required to accept payment in coin.⁴
4. Court employees involved in collection activities are expected to conduct themselves professionally at all times in their contact with the public and in handling the payments received by the court. A high degree of personal responsibility and accountability is also expected.
5. To reduce the potential for losses due to errors or irregularities, court employees involved in collection activities (cashiers and supervisors) will observe the guidelines provided in this section and the more detailed procedures provided in section Policy No. FIN 10.02, Cash Handling.

6.5 Daily Balancing and Closeout

1. At the end of the workday, each cashier must balance his or her cash drawer or register. Cashiers may not leave the premises nor transact new business until daily balancing and closeout are complete.
2. Balancing and closeout include completing and signing the daily report; attaching a calculator tape for checks; turning in the report, money collected and cash change fund to the supervisor; and verifying the report with the supervisor.

⁴ Government Code 24353.

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3. After daily balancing and closeout are completed, the collections are prepared for deposit to the county. If the daily collections are not deposited on the same day they are collected, they must be locked in a safe, vault, or secure cabinet overnight.

6.6 Deposits

1. The trial court shall prepare appropriate documentation to deposit funds in the county treasury or its bank account, or for pick-up by an armored transport service. Procedure No. FIN 13.01, Banking Services, provides more detailed information regarding bank account deposits.
2. To deposit money in the county treasury, a deposit permit request must be prepared. This request, prepared in triplicate, must be supported by acceptable documentation such as duplicate receipts or a receipt listing.
3. The deposit permit request form and supporting documentation requirements shall be prescribed by the County Auditor/Controller.
4. Upon approval by the County Auditor/Controller, the deposit permit request and supporting documents, the permit request and money held for deposit shall be transmitted to the County Treasurer for deposit.
5. The County Treasurer shall receipt all copies of the deposit permit request and distribute the copies to the County Treasurer, County Auditor/Controller, and trial court.
6. The County Treasurer shall deposit the money into the funds indicated on the deposit receipt (GC 26900-26903, 27008-27009).
7. The State's share of fee, fines, forfeitures, and penalties must be remitted by the county auditor every month on a state remittance form

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(form TC-31). The TC-31 is ultimately a county responsibility. Instructions for the TC-31 can be found on the back of the form, which is available on the State Controller's website at www.sco.ca.gov.

6.7 Daily Reporting

1. All collections made by the court must be recorded in a collection record, which may be created manually or generated by an automated system. The receipts from all cashiers should be posted daily and reconciled with the daily deposit of funds.
2. The collection record should show in chronological sequence and by receipt number all amounts collected by the court and the nature of the money collected. At the end of the month, each column of the collection record should be added and the totals recorded. A duplicate copy of the collection record may be prepared and attached to the monthly cash settlement report as supporting documentation.

6.8 Case Management System Revenue Distribution

1. Each payment received by the trial court is ultimately distributed or disbursed according to a schedule established by the Legislature.
2. The court must assure that:
 - a. The state schedule for revenue disbursement is accurately entered in the court's case management system. Revenue distribution tables are available on the State Controller's website at www.sco.ca.gov.
 - b. The state schedule is consistently followed by every court location either through centralized input that serves all locations or by separately entering and verifying data entry for each location.

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- c. It is able to track revenues collected by case number and reimbursement code for accounting purposes.
3. Disbursement of funds is made from the county treasury after revenues collected by the courts have been accepted for deposit by the County Auditor/Controller. Disbursement is made using county warrants upon the order of the court, except where the distribution of revenue is otherwise provided by law (GC 24351, 68084, 68101).
4. The trial court shall pay into the county treasury all money collected that is due the treasury in timely manner and shall remit fee, fine, and forfeiture data within 35 days after the end of the month in which the money was collected. If the county auditor determines that the court is responsible for a delinquent penalty levied pursuant to GC 68085, the trial court shall reimburse the county general fund in an amount equal to the actual penalty.⁵

6.9 Monthly Cash Settlement Report

1. The trial court must deposit all money that it collects or has under its control during the month into the county treasury. The proper accounting for or disposition of these collections is detailed in a cash settlement report filed with the County Auditor-Controller. An example of the detail needed to facilitate distribution includes:
 - a. Cash on hand at the beginning of the month.
 - b. Collections during the month.
 - c. Payments received by credit card during the month.
 - d. Adjustments.
 - e. Deposits in the treasury.
 - f. Cash on hand at the end of the month.

⁵ Government Code 24353 and 68085.

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- g. The funds and accounts to which money deposited must be credited.
- 2. Proper development and maintenance of the collection record should provide the court with all the information necessary to prepare the monthly cash settlement report in an efficient, timely manner (GC 24352, 24353, 68101).
- 3. The monthly cash settlement should be used to prepare the Quarterly Financial Statement (QFS) and Comprehensive Annual Financial Report (CAFR) information according to the requirements established by the Judicial Council.

7.0 Associated Documents

None